

Posted from ASD
, Jul 64 - rec'd by
JSL 6 Jul.

Mr. Houston & JSL
discussed attached
11:15 on 6 Jul. Both
were in agreement with
draft and Houston
is to advise Mr. Wallace
of their thoughts

Insert as new section after "Central Intelligence Agency",
line 10, page 45

The two years between the end of World War II when the OSS was dissolved and the creation of CIA in the fall of 1947 had been a period of interdepartmental in-fighting as to what to do with Intelligence. Fortunately many experienced officers of the OSS remained on during this period in the various Intelligence units which functioned under the aegis of the State and War Departments in the postwar period.

This was largely due to the foresight of General Donovan. At an early date he had directed President Roosevelt's attention to the importance of preserving the OSS assets and providing for the carrying on of certain of the Intelligence functions which had devolved upon the OSS during World War II.

As early as October 1944 Donovan had discussed this whole problem with the President and in response to his request, had sent him a memorandum outlining his ideas of what an Intelligence service should be equipped to do in the postwar period. In this memorandum he stressed that while Intelligence operations during the

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war were mainly in support of the military and hence had been placed under the Joint Chiefs of Staff, in the postwar period he felt they should be placed under the direct supervision of the President. He further proposed that a central intelligence authority, to include the Secretaries of State and Defense, as well as a representative of the President himself, should be created to supervise and coordinate the work of Intelligence. In concluding his memorandum, General Donovan stated: "We have now in government the trained and specialized personnel needed for the task. This talent should not be dispersed".

Under the pressure of events during the last months of the war, it was not until April 5, 1945, that President Roosevelt, as one of his last acts, answered General Donovan's memorandum, ^{The President} and instructed him to call together "the chiefs of foreign intelligence and internal security units in the various Executive agencies so that a consensus of opinion can be secured" as "to the proposed centralized Intelligence service".

President Truman took the oath of office on April 12, 1945, and was of course immediately involved in all of the intricate questions arising out of the end

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of the war in Europe, the prosecution of the war against Japan, and the preparation for the Potsdam Conference of July 1945. But on April 26 he had a chance to discuss Intelligence with the then Director of the Bureau of the Budget, Harold D. Smith. ^{He had} ~~who~~ got into the act in connection with the preparation of the new budget and had his own ideas about how Intelligence should be organized. He had already sent President Roosevelt a memorandum, in which he pointed out, as President Truman reports (Memoirs by Harry S Truman, Year of Decisions, Volume I, page 98) "that a tug of war was going on among the FBI, the Office of Strategic Services, the Army and Navy Intelligence, and the State Department". President Truman added in his Memoirs:

"I considered it very important to this country to have a sound, well-organized intelligence system, both in the present and in the future. Properly developed, such a service would require new concepts as well as better-trained and more competent personnel. Smith suggested, and I agreed, that studies should be undertaken at once by his specially trained experts in this field. Plans needed to be made, but it was imperative that we refrain from rushing into something that would produce harmful and unnecessary rivalries among the various intelligence agencies. I told Smith that one thing was certain - this country wanted no Gestapo under any guise or for any reason."

For the next few months the issue was hotly debated

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with the Joint Chiefs of Staff playing an important role. They instructed their Joint Intelligence Committee, on which all the military and civilian foreign Intelligence agencies, including OSS, were represented, to study the proposals Donovan had earlier submitted to President Roosevelt, as well as those of other interested agencies.

Meanwhile the Bureau of the Budget continued its own activities and prepared an Executive Order for President Truman's signature putting the Office of Strategic Services into liquidation. When the Joint Chiefs heard of this, they urged the President to defer action until their views could be presented. However, this word reached the White House too late. The President, on the 20th of September 1945, issued ^{an} ~~the~~ Executive Order providing for the termination of the OSS and placing its research unit in the Department of State and the other remaining units under the Secretary of War. These latter were put together in an organization known as the Strategic Services Unit (SSU). SSU was not combined with G-2 but was put under the Under Secretary of War, and it is only fair to say that throughout the ensuing struggle for control and until SSU

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was taken over by the Central Intelligence Group (CIG).
~~It~~^{SS4} was left largely autonomous in its operations and received complete administrative support from the Army.

Meanwhile the tug of war had continued between the Department of State on the one hand, which desired to take over the postwar leadership of foreign intelligence, and the military services, including the Joint Chiefs of Staff, who wished to continue the domination they had exercised during the war.

To help resolve these conflicts of interest, the President called on an old friend, Sidney W. Souers, who had been serving the Navy Department in an Intelligence capacity and had been promoted to flag rank in 1945 and made Deputy Chief of Naval Intelligence. He in turn worked closely with Admiral Leahy

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Of the many studies and proposals probably the most influential was that of the so-called Lovett Committee, headed by Mr. Robert A. Lovett, Assistant Secretary of

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War for Air. This proposed a Central Intelligence Agency supported by an independent budget which would be responsible only to a National Intelligence Authority composed of the Secretaries of State, War and Navy and a representative of the Joint Chiefs of Staff.

Finally on January 22, 1946, President Truman reached his own decision and acted. In a directive to the Secretaries of State, War and Navy, he ordered that they, together with a personal representative of the President (Adm. William Leahy became the President's designee), should constitute themselves as the National Intelligence Authority. This was to supervise the new intelligence organization which was placed under a director of central intelligence. Adm. Souers was appointed the first head of the new agency, known as the Central Intelligence Group (CIG). Upon his resignation six months later, he was succeeded by Gen. Hoyt Vandenberg, but continued as an advisor.

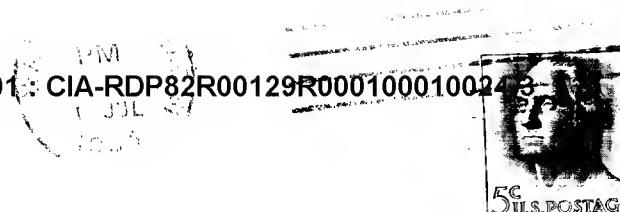
Later, President Truman, using his directive of January 22 and the experience gained through the operations

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of the CIG, approved the legislation creating the Central Intelligence Agency as set forth in the National Security Act of 1947, which I have already described.

Under the Act, the Central Intelligence Agency was placed under the direction of the National Security Council, which is composed of the President, the Secretary of State, the Secretary of Defense, and other primary Presidential advisers in the field of foreign affairs. Interestingly enough, CIA is the sole Agency of government which as a matter of law is under the National Security Council, whose function is solely to advise the President. Thus there was firmly established the principle of control of intelligence at the White House level which President Truman had developed in creating the National Intelligence Authority.

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